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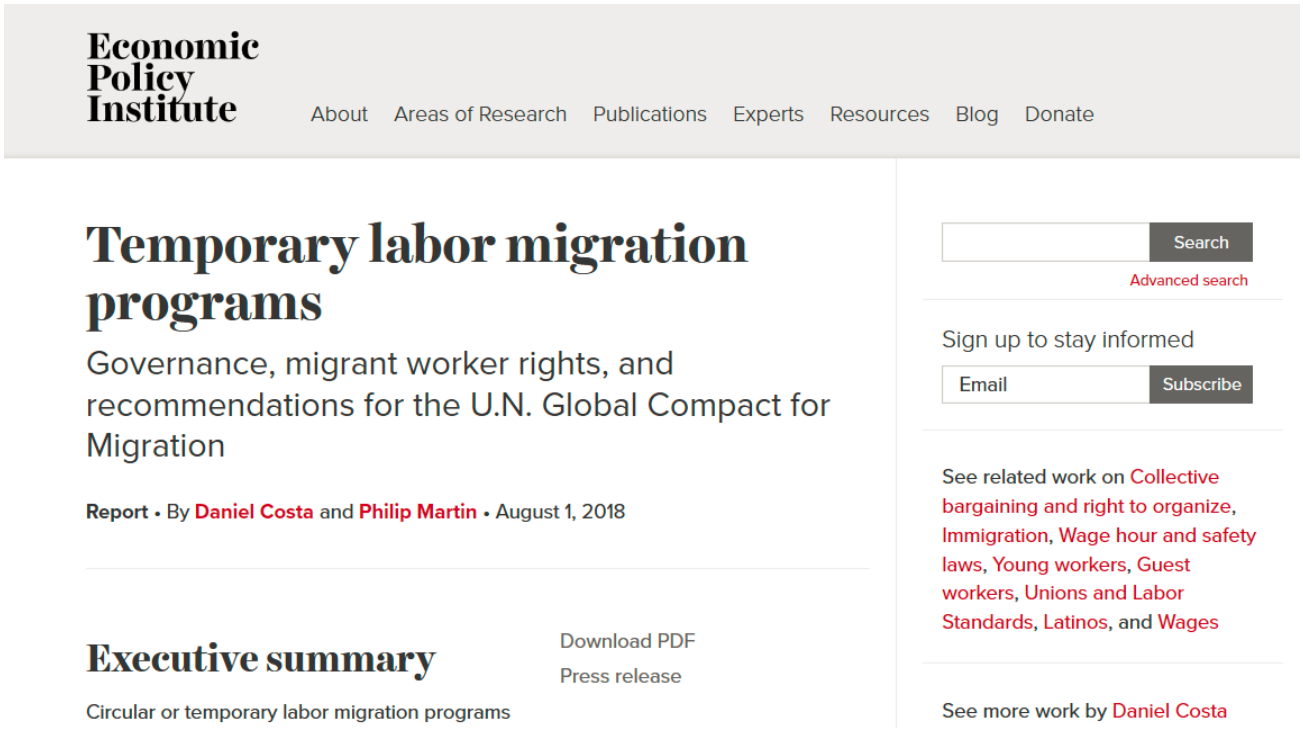
NOVEMBER 18, 2019 BY RONNIE

Economic Policy Institute Research On Societal Costs

(From U.S. Census Bureau in 2014)

(EPI reports on rise in “temporary” labour)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Temporary labor migration programs
Governance, migrant worker rights, and recommendations for the U.N. Global Compact for Migration
Report • By Daniel Costa and Philip Martin • August 1, 2018
Executive summary
Circular or temporary labor migration programs
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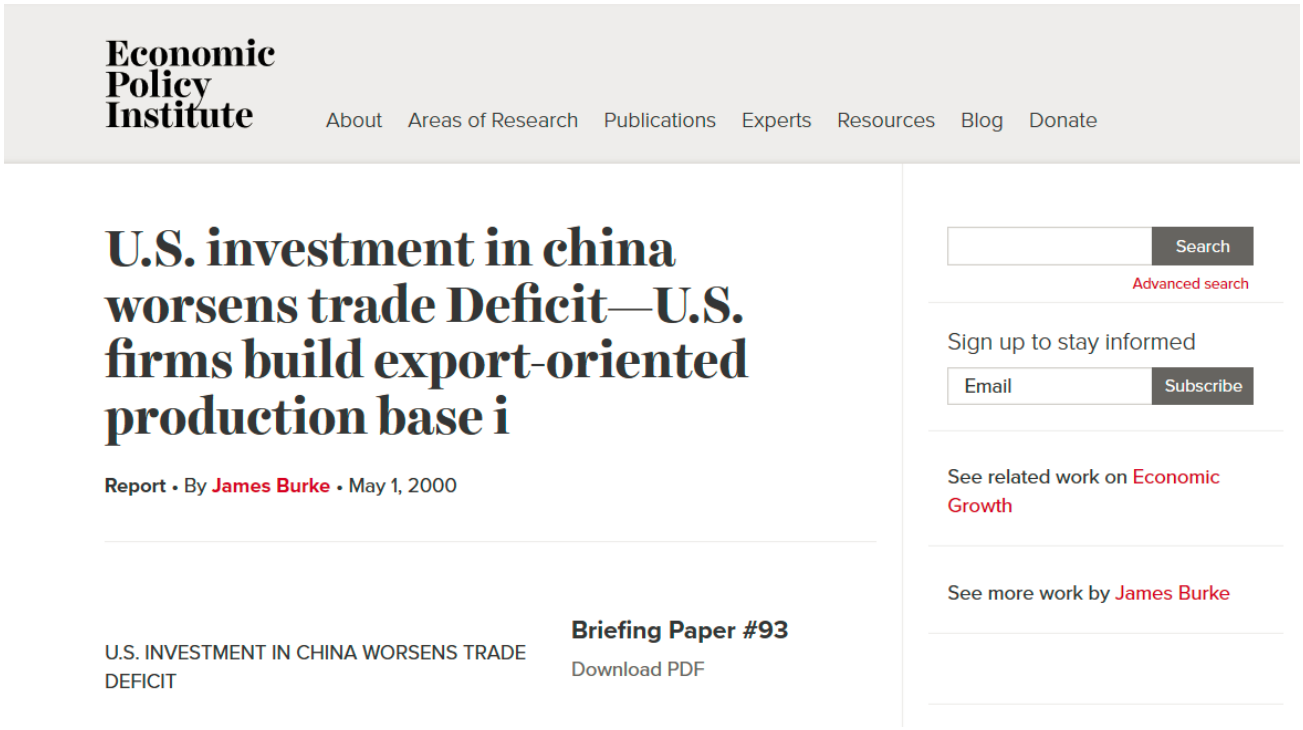
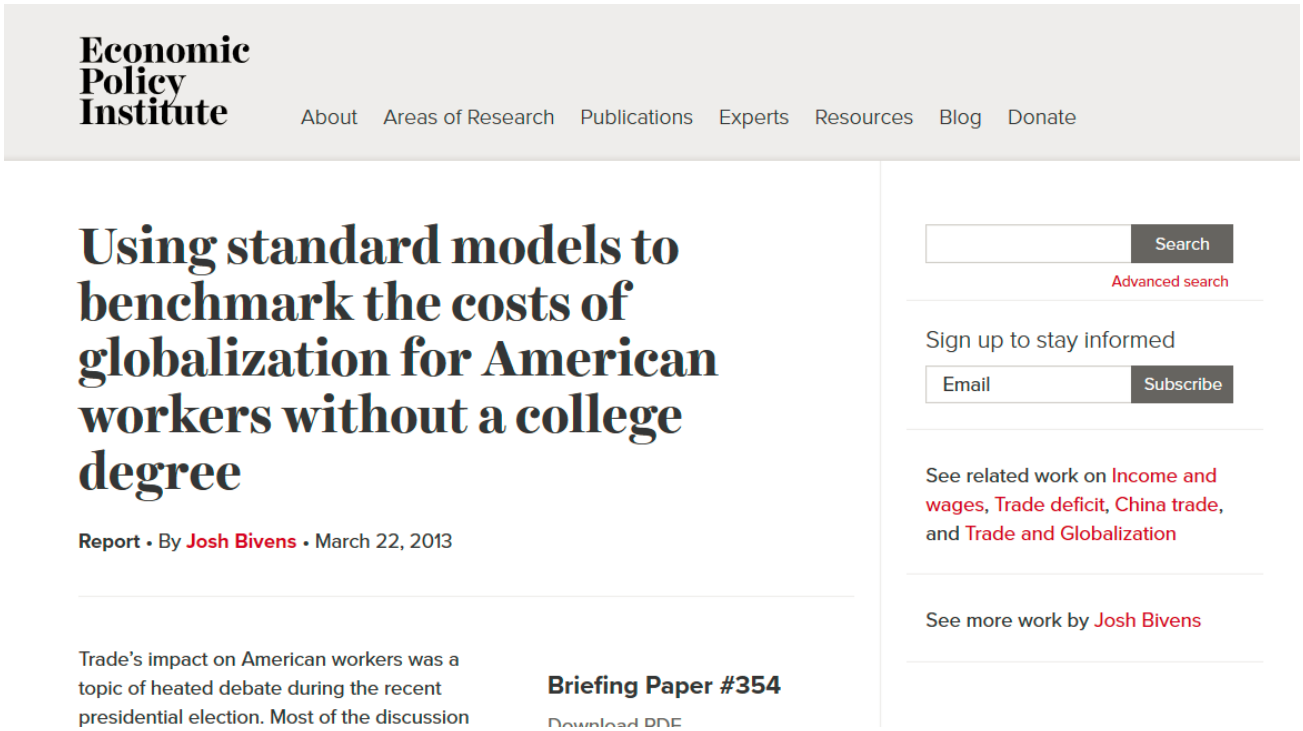
(EPI on surging U.S. trade deficit with China)



(EPI on globalist trade driving down wages)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Using standard models to benchmark the costs of globalization for American workers without a college degree
Report • By Josh Bivens • March 22, 2013
Trade's impact on American workers was a topic of heated debate during the recent presidential election. Most of the discussion
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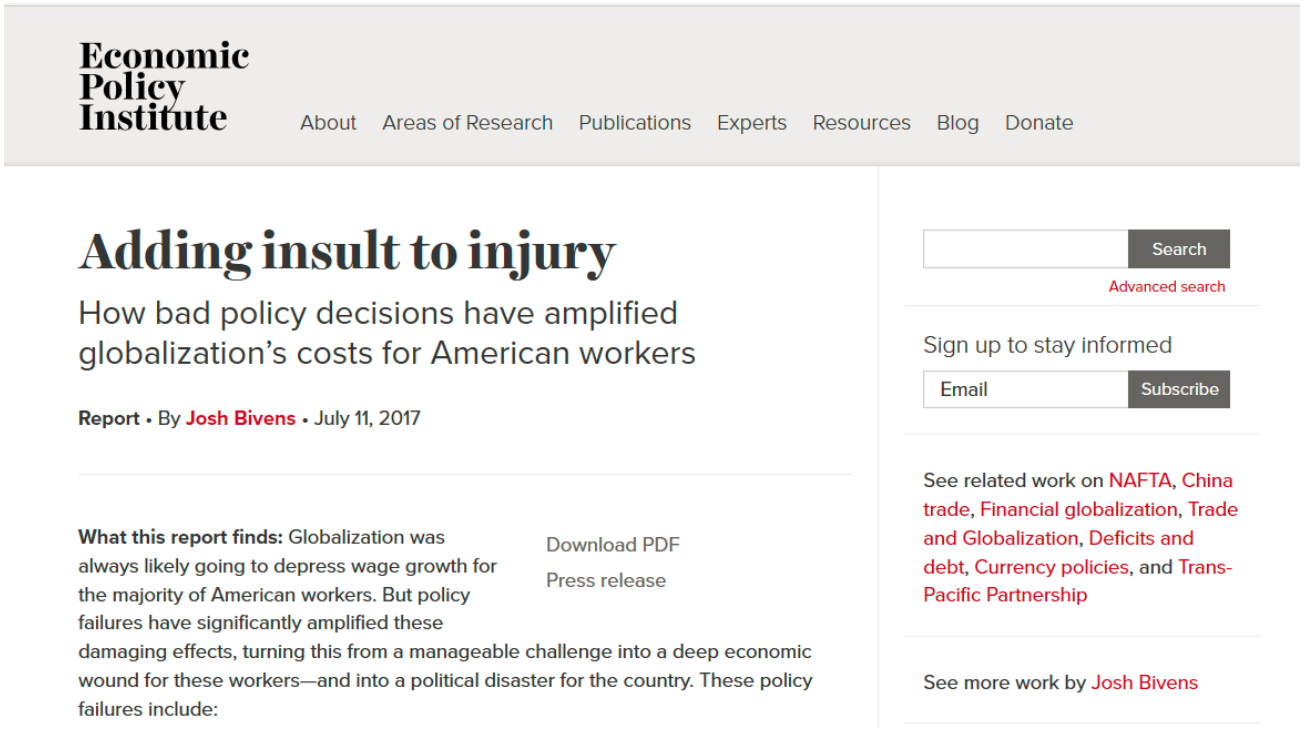
(EPI on free trade & mass migration removing bargaining power)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Adding insult to injury
How bad policy decisions have amplified globalization's costs for American workers
Report • By Josh Bivens • July 11, 2017
What this report finds: Globalization was always likely going to depress wage growth for the majority of American workers. But policy failures have significantly amplified these damaging effects, turning this from a manageable challenge into a deep economic wound for these workers—and into a political disaster for the country. These policy failures include:
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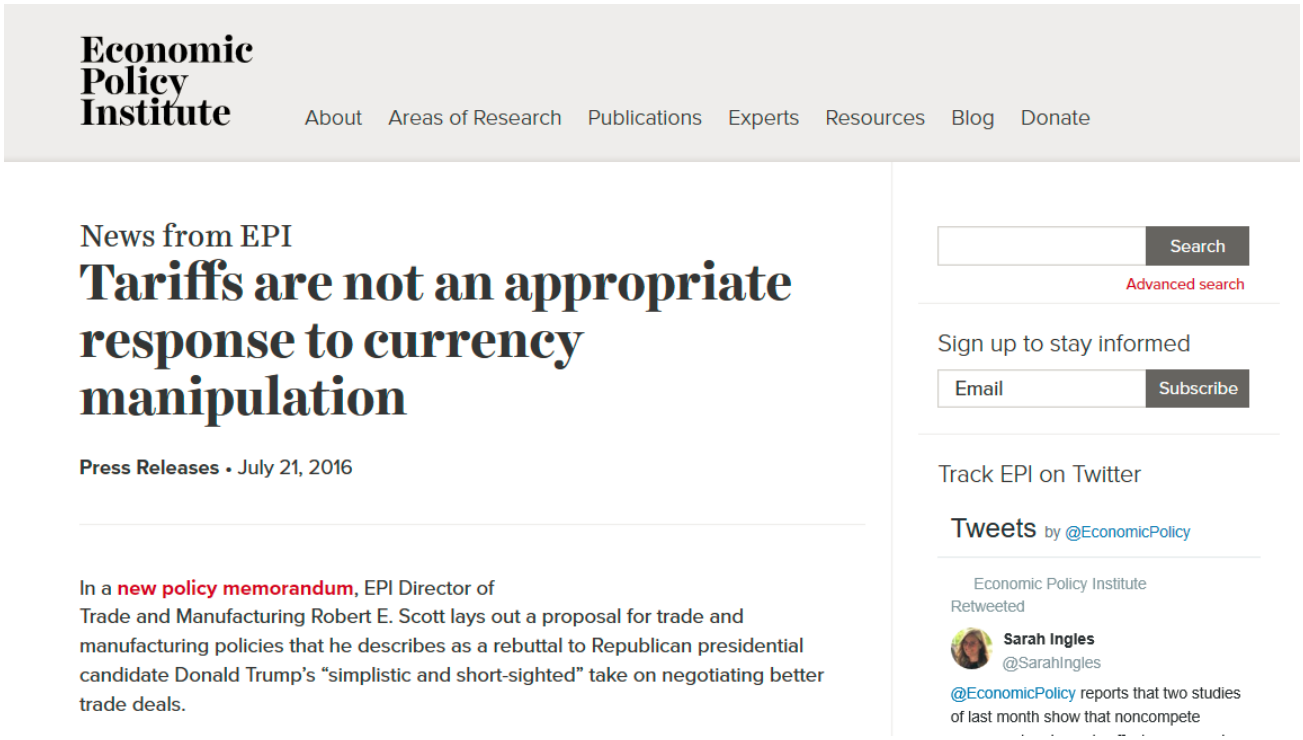
(EPI on responding to currency manipulation with tariffs)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News from EPI
Tariffs are not an appropriate response to currency manipulation
Press Releases • July 21, 2016
In a new policy memorandum, EPI Director of Trade and Manufacturing Robert E. Scott lays out a proposal for trade and manufacturing policies that he describes as a rebuttal to Republican presidential candidate Donald Trump's "simplistic and short-sighted" take on negotiating better trade deals.
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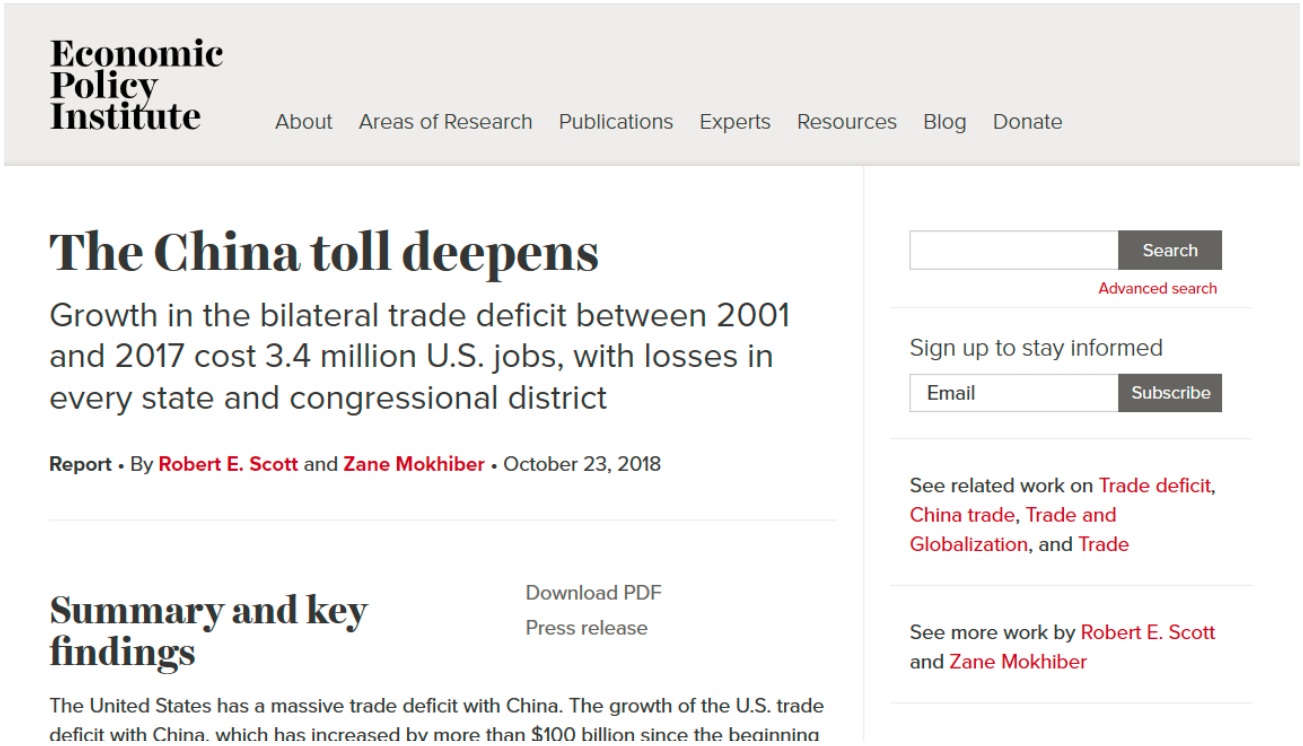
@EconomicPolicy reports that two studies of last month show that noncompete

(EPI on 3.4M jobs lost to China)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The China toll deepens
Growth in the bilateral trade deficit between 2001 and 2017 cost 3.4 million U.S. jobs, with losses in every state and congressional district
Report • By Robert E. Scott and Zane Mokhiber • October 23, 2018
Summary and key findings
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The United States has a massive trade deficit with China. The growth of the U.S. trade deficit with China, which has increased by more than $100 billion since the beginning
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(CPC policies are to: create new immigration pilot programs, transition "temps" to permanent residents where possible)

i. continue development of pilot projects designed to address serious skills shortages in specific sectors and regions of the country, and that attract temporary workers to Canada;
ii. examine ways to facilitate the transition of foreign workers from temporary to permanent status; and
iii. work to ensure that temporary workers, especially seasonal workers, receive the same protections under minimum employment standards as those afforded Canadian workers.

140. Entry Applications, Permits and Landing Fees

The Conservative Party endorses changes made to the applications process which minimize stress and uncertainty for applicants and their families while reducing the backlog and meeting the

(CPC policy is also implementation of CANZUK)

We believe that the Government of Canada should re-establish the Office of Religious Freedom in order to promote the universal right of religious freedom internationally and to advocate for persecuted religious minorities around the world.

152. CANZUK Treaty. CANZUK Treaty Implementation

Subject to thorough security & health checks, CPC will work to realize these objectives among CANZUK countries:

a) Free trade in goods/services

b) Visa-free labour/leisure mobility for citizens, including retirement relocation
Reciprocal healthcare agreement modeled on existing AU / NZ / UK bilaterals

c) Increased consumer choice/protection for travel

d) Security coordination

(Tucker Carlson on foreign replacements at Uber getting preferential treatment. He also calls out Charlie Kirk's "stapling green cards to diplomas" line)
https://www.youtube.com/watch?v=oKmUsTyKqvc

1. Offshoring, Globalization, Free Trade

The other posts on outsourcing/offshoring are available here. It focuses on the hidden costs and trade offs society as a whole has to make. Contrary to what many politicians and figures in the media claim, there are always costs to these kinds of agreement. These include: (a) job losses; (b) wages being driven down; (c) undercutting of local companies; (d) legal action by foreign entities; (e) industries being outsourced; and (f) losses to communities when major employers leave. Don't believe the lies that these agreements are overwhelmingly beneficial to all.

2. Important Links

(1) https://canucklaw.ca/facts-figures-the-ugly-truth-about-replacement-migration-in-canada/

(2) https://www.census.gov/newsroom/press-releases/2014/cb14-130.html

(3) https://prospect.org/power/stem-shortage-myth/

(4) https://www.epi.org/publication/pm195-stem-labor-shortages-microsoft-report-distorts/

(5) https://www.epi.org/publication/temporary-labor-migration-programs-governance-migrant-worker-rights-and-recommendations-for-the-u-n-global-compact-for-migration/

(6) https://www.canada.ca/en/news/archive/2014/06/government-canada-overhauls-temporary-foreign-worker-program-ensuring-canadians-are-first-line-available-jobs.html

(7) https://www.epi.org/publication/briefingpapers_fdi_fdi/

(8) https://www.epi.org/publication/webfeatures_snapshots_archive_11052003/

(9) https://www.epi.org/publication/standard-models-benchmark-costs-globalization/

(10) https://www.pewresearch.org/fact-tank/2018/08/07/for-most-us-workers-real-wages-have-barely-budged-for-decades/

(11) https://www.epi.org/publication/adding-insult-to-injury-how-bad-policy-decisions-have-amplified-globalizations-costs-for-american-workers/

(12) https://www.epi.org/press/tariffs-are-not-an-appropriate-response-to-currency-manipulation/

(13) https://www.epi.org/publication/the-china-toll-deepens-growth-in-the-bilateral-trade-deficit-between-2001-and-2017-cost-3-4-million-u-s-jobs-with-losses-in-every-state-and-congressional-district/

(14) https://www.international.gc.ca/trade-commerce/trade-agreements-accords-

commerciaux/agr-acc/tpp-ptp/text-texte/09.aspx?lang=eng

3. Context For This Article

True, the content of this site is primarily focused on Canada. However, the issues that face the United States are similar. What happens over there spills over here, and there is lots of data available on it.

There are 2 linked concepts to discuss:

- Mass Economic Immigration
- Free Trade Agreements

How are these ideas linked? Because they are 2 ends of the same problem. Mass economic immigration involves importing large numbers of people into a country. It leads to a much higher supply of workers, and more competition for the same jobs. As a result, it helps drive down wages as it becomes an employer's market. It ***INCREASES*** the demand for jobs in developed countries. Free trade works by exporting jobs and entire industries to other nations where the work can be done for less. In other words, it ***DECREASES*** the supply of local jobs available. Now combine them.

MORE competition + ***LESS*** work = disaster.

For the purposes of this article, concerns that the U.S. has can be viewed as happening (or at risk to happen) in Canada as well.

The Economic Policy Institute (EPI) is a left leaning think tank in Washington. Among the topics it covers are free trade and immigration. EPI points out repeatedly that there are high social costs to the conservative or libertarian policies. Let's get into it.

4. STEM Field Is Glutted

> The U.S. Census Bureau reported today that **74 percent** of those who have a bachelor's degree in science, technology, engineering and math — commonly referred to as STEM

— are **not employed in STEM occupations**.

"STEM graduates have relatively low unemployment, however these graduates **are not necessarily employed in STEM occupations**," said Liana Christin Landivar, a sociologist in the Census Bureau's Industry and Occupation Statistics Branch.

According to new statistics from the 2012 American Community Survey, engineering and computer, math and statistics majors had the largest share of graduates going into a STEM field **with about half employed in a STEM occupation**. Science majors had fewer of their graduates employed in STEM. About 26 percent of physical science majors; 15 percent of biological, environmental and agricultural sciences majors; 10 percent of psychology majors; and 7 percent of social science majors were employed in STEM.

These numbers are shocking. It speaks volumes about the state of education when half (or more) of STEM graduates aren't even employed in fields relating to their studies.

The EPI report tends to focus on the relevance of these findings to guest worker programs and other immigration issues. The tech industry has long suggested that it cannot find STEM workers in America and therefore needs immigration changes that will enable it to bring in more workers from abroad. Skeptics have rebuffed that the **tech industry really is just interested in cheaper STEM labor and that its proclamations about a dearth of STEM-qualified domestic workers is just a convenient cover story**. This report provides ammunition to the latter camp to say the least.

It's a long repeated myth that the United States (and Canada too) cannot find qualified STEM people. Strange, as there are so many of them coming out of schools. But the real issue seems to be finding "cheaper" workers.

Contrary to its report and public statements, Microsoft (and other employers in STEM fields) **already have plenty of avenues to hire and retain new foreign graduates to work in STEM occupations**. Recent research suggesting that the most highly educated graduates in STEM fields are in fact remaining in the United States for the long term supports this conclusion. Keeping the best and brightest foreign STEM workers in the United States to fill labor shortages in STEM occupations should be a national priority,

but recent data show that no significant labor shortages exist, and suggest that an adequate number of foreign graduates in STEM fields are already remaining in the United States to fill the limited job openings available in the stagnating U.S. labor market.

The EPI study claims there is no shortage of tech workers available, and that rather this is a manufactured crisis used to bring in even more people. Why? To drive down wages. U.S. workers will often be willing to work for less if they know it's easy to replace them. And if need be, just replace them anyway.

5. "Temporary" Workers Depressing Wages

What appears to be a neat match between excess labor supply in some countries and unfulfilled demand in others is often messy in practice. **Economics teaches that there are often alternative ways of producing goods and services, so that recruiting and hiring migrant workers is only one option available to firms and employers. The alternatives may include making jobs more attractive to local workers, using labor-saving mechanization, or increasing imports**. Employers who approach governments for permission to hire migrant workers have usually decided that employing migrant workers is their best **or least expensive option**, and the question for governments is whether to permit employers to hire migrants and to determine how to regulate the movement and employment of migrant workers.

The major policy question for governments weighing claims of labor shortages is whether they should allow naturally occurring wage changes to balance labor supply and demand when employers complain of labor shortages, or whether they should use migration policy to admit new workers into the country to address shortages. And if governments decide to admit new migrant workers, the next question that arises is what the terms and conditions of their admission should be. For example, **should new migrant workers be admitted as permanent immigrants with freedom in the labor market or as temporary workers who are tied to a particular employer**? In recent decades, many governments have chosen the latter, leading to a proliferation of TLMPs.

Many countries have youth exchange programs to facilitate cultural exchanges and

promote development in poorer countries (Table 1, row 4). Japan allows employers to hire trainees who work and learn for several years, while the J-1 visa program in the United States allows exchange visitors to work while learning about the United States and traveling, for a few months to a few years, depending on the program. Australia has a Working Holiday Maker program that allows youth from many countries to work to earn money to cover the cost of their vacation in the country. While these are not standard TLMPs, they are included in Table 1 because some of these programs have been criticized as **operating mainly as employment rather than cultural exchange programs and, as a sort of "TLMP in disguise," offering few protections for local workers and fewer protections and benefits for migrants than traditional TLMPs** (Costa 2011; Stewart 2015; Osumi 2018).

Other rationales for TLMPs **include allowing multinational corporations and firms to move employees between offices and subsidiary companies in different countries**. These mobile workers include intra-company or intra-corporate transferees (ICTs), and "posted" workers, who are workers employed by a company in one country who are sent or posted to work in another. As with other programs not linked explicitly to labor shortages, governments usually allow multinational corporations to move managers and workers with specialized skills from one country to another with minimum bureaucracy. **However, abuses have arisen, and some employers wind up using ICTs and posted workers as low-cost guest workers because the programs sometimes lack prevailing wage rules, or the ICT or posted-worker wages are exempt from all or some payroll taxes** (Avalos 2014; Flinders 2011).

I would disagree with this report in one area: the notion that these are temporary workers. The reality is that people are staying longer and longer, and many transitioning into permanent residents. So the temporary label is somewhat misleading.

In Canada, the Temporary Foreign Worker was loudly criticized for replacing Canadians with cheap foreign labour. The response was to split up the TFWP, and to boost the International Mobility Program (which was basically an open work permit). This was a cosmetic solution that didn't address the real problem.

EPI points out that a lot of these temporary positions pay less and have less job security. That is true. The response will be to enshrine ever more rights on these "temporary"

workers. EPI is also correct that a lot of the support behind increasing these programs is the cheaper labour that results from it.

6. Remittances Sent Abroad

This was covered in a previous article, but what about the money that gets sent overseas by “temporary” workers in this country? It is billions every year.

Aside from welfare cases (which is another story), yes the wages were fairly earned. But it is disingenuous to exclude this fact from the debate. Economic immigration leads to money being sent outside the country.

7. Free Trade, Soaring Trade Deficits

> The rapidly growing U.S. trade deficit with China is directly linked to the growth of multinational firms operating in China. **Of China’s more than $200 billion in exports in 1998, over 40% had their source in multinational firms operating in China** (Ministry of Foreign Trade and Economic Cooperation 2000).

> • The activities of U.S. multinational firms, **together with China’s protectionist trade policies, have had a significant role in increasing the U.S. trade deficit with China. A 10% increase in the level of U.S. direct investment in an industry in China is associated with a 7.3% increase in the volume of U.S. imports from China and a 2.1% decline in U.S. exports to China in that industry**. • Supporters of China’s WTO and PNTR agenda typically assert that jobs lost to China trade threaten only low-skill, low-wage jobs in the United States, while expanded exports to China will create high-wage U.S. jobs. However, the changing composition of imports from China over the last 10 years has led increasingly to job losses among higher-wage and more-skilled U.S. manufacturing workers. Although in 1989 only 30% of imports from China competed against goods produced by high-wage industries in the U.S. market, by 1999 that percentage had risen to 50%. [2] To make matters worse, although U.S. workers are five times as productive as their Chinese counterparts, average compensation in the United States is at least 10 and maybe even 20 times larger than that paid by U.S.

multinationals to Chinese workers. **Thus, U.S. workers will be unable to compete with the much cheaper labor in China despite their higher levels of productivity**. U.S. firms build export-oriented production base in China

Trade between the U.S. and China is not a level playing field, to put it mildly. Hypocritically, China relies on its own protectionist measures while doing what it can to secure access to U.S. markets. And because many of the U.S. corporate leaders put profit over well being of their people, they are quite happy to outsource U.S. to China. Products get made cheaper, but American workers pay with their jobs and livelihoods. Of course, this is not limited to one country. NAFTA caused the same problems.

In addition to the lost jobs, this creates a huge trade deficit, where hundreds of billions of dollars leave the U.S. annually. Certainly there will always be some surpluses and deficits in trading internationally. But it can't be so one sided as it is simply unsustainable.

8. Free Trade Driving Down Wages

A standard model estimating the impact of trade on American wages indicates that growing trade with less-developed countries **lowered wages in 2011 by 5.5 percent—or by roughly $1,800—for a full-time, full-year worker earning the average wage for workers without a four-year college degree**. One-third of this total effect is due to growing trade with just China.

Trade with low-wage countries can explain roughly a third of the overall rise since 1979 in the wage premium earned by workers with at least a four-year college degree relative to those without one. However, **trade with low-wage countries explains more than 90 percent of the rise in this premium** since 1995.

For full-time wage earners **without a college degree, annual earnings losses due to trade with low-wage nations are larger than income losses under a hypothetical policy** that permanently extends the Bush-era tax cuts by making across-the-board cuts to government transfer payments such as Social Security, Medicare, Medicaid, and unemployment insurance.

Free trade has hurt the middle class more than anyone else. Manufacturing was a booming industry that people — mainly men — could earn a decent living even without higher education. However, profit driven corporations have outsourced more and more of that manufacturing, leaving those worker to fight for lower paying jobs.

The topic of wage stagnation has also been covered by Pew Research. If wages stay the same, or decrease, but inflation remains, then real buying power decreases.

Serious question: how much will it help these companies in the end when no one can afford to buy their products?

9. Free Trade Removes Bargaining Power

The textbook analysis of **the effects of trade on wage suppression discussed earlier assume that these effects run through trade flows that shift the relative demand for different types of labor**. But trade's effects on wages could run through other channels as well. After all, in the real world, wages are not set in perfectly competitive labor markets solely through shifts in demand and supply curves. Rather, the relative bargaining power of employers and employees matters greatly for wage-setting, and the threat effects of growing globalization surely hamstring this bargaining power for many American workers. **In previous eras, the only fallback position for employers in the face of a breakdown in wage bargaining was to stop production. Now employers have the option of setting up production facilities abroad. This improved fallback position boosts employers' bargaining power vis-à-vis their American employees, and this can lead to substantial downward pressure on wages**.

As is always the case, measuring bargaining power at all, let alone its ebb and fall, is difficult, so the precise empirical impact of this channel of globalization's wage-suppressing effects is hard to gauge. But there is growing evidence that these effects could be significant. Bertrand (2004), for example, **shows that import competition tears down the protection that incumbent workers' wages have traditionally enjoyed against rising unemployment.** Senses (2007) finds that offshoring is associated with greater elasticity of labor demand—implying that wage gains will cut more sharply into employment gains. Bivens (2006) finds evidence that industry-level

rent-sharing is eroded by growing import shares. Jayadev (2007) finds capital account openness associated with a shift from labor to capital income shares across countries, and attributes this finding to the bargaining channel. Anderson, Tang, and Wood (2006) construct a model of globalization eroding American workers' privileged access to institutional and human capital and lowering wages through this channel. They find empirically that **greater ease of movement of high-credential, high-skill managers leads to wage declines for American labor, supporting the predictions of their model.**

To clarify, this article faults both the mass migration policies and free trade policies in creating these problems. In both cases, it becomes a race to the bottom. Either we import a replacement workforce here, or we export the work to the foreign labour force. The result is much the same.

It is also pointed out that collective bargaining and other rights get eroded once the option to replace the workforce becomes practical. So much for looking after your own.

10. Tariffs V.S. Currency Manipulation

According to Scott, Trump's proposals fail to effectively address currency manipulation, the single largest cause of manufacturing job loss over the past 20 years. While **Trump cites currency manipulation as a major problem, Scott argues, his strategy for dealing with it—calling for higher tariffs on imports from currency manipulators and promising to negotiate "better" trade deals—doesn't reflect an analytical understanding of how currency manipulation works** and what to do about it.

"Trump could not, as pledged, bring back American manufacturing jobs **by negotiating 'great trade deals' because he doesn't understand why globalization and trade and investment deals have hurt U.S. workers,"** said Scott.

Trump's plan to deal with **currency manipulation by imposing tariffs would make other countries' goods more expensive in the United States but do nothing to make U.S. goods less expensive in those countries.** Scott recommends that the Fed conduct countervailing currency intervention (CCI) by buying up large amounts of foreign

assets denominated in the currencies of the surplus countries, and impose a “market access charge,” a tax or fee on all capital inflows that would reduce the demand for dollar-denominated assets and hence the value of the currency.

It’s nice to see currency manipulation being addressed. Of course, if one or more parties plays games with their currency, they can in effect create products dirt cheap. They won’t have to worry about massive imports, since other nations won’t be able to undercut their manipulated prices.

Trump seems to have a fight-fire-with-fire mentality, but it doesn’t really work when others are not willing to act in good faith.

11. Free Trade Wrecks Communities

The growth of the U.S. trade deficit with China **between 2001 and 2017 was responsible for the loss of 3.4 million U.S. jobs, including 1.3 million jobs lost since 2008** (the first full year of the Great Recession, which technically began at the end of 2007). Nearly three-fourths (74.4 percent) of the jobs lost between 2001 and 2017 were in manufacturing (2.5 million manufacturing jobs lost).

The growing **trade deficit with China has cost jobs in all 50 states and in every congressional district in the United States**. The 10 hardest-hit states, when looking at job loss as a share of total state employment, were New Hampshire, Oregon, California, Minnesota, North Carolina, Rhode Island, Massachusetts, Vermont, Wisconsin, and Texas. Job losses in these states ranged from 2.57 percent (in Texas) to 3.55 percent (in New Hampshire) of total state employment. The five hardest-hit states based on total jobs lost were California (562,500 jobs lost), Texas (314,000), New York (183,500), Illinois (148,200), and Pennsylvania (136,100).

The **trade deficit in the computer and electronic parts industry grew the most: 1,209,000 jobs were lost in that industry, accounting for 36.0 percent of the 2001–2017 total jobs lost**. Not surprisingly, the hardest-hit congressional districts (those ranking in the top 20 districts in terms of jobs lost as a share of all jobs in the district) included districts in Arizona, California, Illinois, Massachusetts, Minnesota, New York,

Oregon, and Texas, where jobs in that industry are concentrated. A district in Georgia and another in North Carolina were also especially hard hit by trade-related job displacement in a variety of manufacturing industries, including computer and electronic parts, textiles and apparel, and furniture.

Between 2001 and 2011 alone, **growing trade deficits with China reduced the incomes of directly impacted workers by $37 billion per year**, and in 2011 alone, growing competition with imports from China and other low wage-countries **reduced the wages of all U.S. non–college graduates by a total of $180 billion. Most of that income was redistributed to corporations in the form of higher profits** and to workers with college degrees at the very top of the income distribution through higher wages.

Trade with China has caused an estimated 3.4 million jobs to be lost from 2001 to 2017. These job losses have hit every state, and every community.

Directly impacted workers lost $37 billion in wages, and non-college graduates $180 billion overall. How is this at all desirable, or even sustainable to keep driving down wages and incomes? How is outsourcing many of the better paying jobs good for the host country?

Again, it doesn't matter how cheaply China (or other 3rd world nations) can build their products. If no one can afford to buy them, then they won't sell.

12. Loss Of Sovereignty

This has been addressed in other posts, but nearly all free trade deals contain a "National Treatment" Clause. In plain English, these clauses prohibit nations from taking any measures to protect jobs or industries. Canada has ben successfully sued for doing so in the past.

See Article 9.4 in the Trans-Pacific Partnership, or Chapter 11 in NAFTA.

13. How Does This Benefit Us?

In short, it doesn't.

Allowing large numbers of people into the country, causing extra demand for work and driving down wages doesn't help. And we haven't even gotten into cultural compatibility. Nor the money removed from the economy when vast sums of remittances are sent abroad.

Nor does outsourcing our industries and jobs to the 3rd World help us. Sure, products get made cheaper, but these offshoring kills people's livelihoods. And what good is all of the formal education received if the jobs that should have resulted are sent away?

Mass economic migration and free trade are two sides of the same coin. The effects are much the same. But you won't hear conservatives or libertarians talk about this. Ironically, more left leaning political parties are inclined to address such topics.

Globalism (and globalization) kill societies.

CORPORATE, FREE TRADE, GLOBALISM, IMMIGRATION (CANADA), US, WORLD